ARIZONA PSPRS
DEFINED CONTRIBUTION COMMITTEE
MEETING

May 8, 2017

MINUTES

Present:

Mr. William T. Buividas, Chairman, Trustee
Mr. Jared A. Smout, Vice Chairman, Administrator
Mr. Bryan N. Jeffries - Excused
Mr. Ryan McKinnon - Excused
Mr. Brian Moore
Mr. William Thatcher
Mr. Daren Wunderle

Others Present:

Ms. Ivy Voss, Assistant Attorney General
Mr. Christian Palmer, Communications Director
Mr. Jon Briney, Enterprise Systems Architect
Mr. Mark Kordonsky, Managing Principal, SageView Advisory Group – via telephone
Mr. Jim Keeler, Program Director, Nationwide Retirement Solutions
Mr. Michael Galloway, CEO, Galloway Asset Management, LLC
Ms. Nanette Eberhardt, COO, Galloway Asset Management, LLC

1. Call to Order; Pledge of Allegiance; Roll Call; Opening remarks.

   Mr. William T. Buividas
   Committee Chairman

   The meeting was called to order at 1:10 p.m. by Chairman Buividas which was followed by the Pledge of Allegiance and roll call.

2. Review, discussion and possible approval of the Arizona PSPRS Defined Contribution Committee Minutes from the April 6 and April 14, 2017 meetings.

   Mr. William T. Buividas

   MOTION:1-5/8/17
   At 1:11 p.m.
   Motion: To approve the PSPRS Defined Contribution Committee Minutes from the April 6 and April 14, 2017 meetings.
   Moved by: Mr. Moore
   Seconded by: Mr. Wunderle
   Discussion: None
   In Favor: Unanimous
   Motion: Passes

3. Interview of Education Provider candidates.

   Mr. William T. Buividas

   Mr. Michael Galloway, CEO of Galloway Asset Management (GAM) presented their proposal regarding providing education for the defined contribution plan. Information regarding the background of the team members, GAM’s core competencies including investment education, counseling for the survivors of those killed in the line of duty and financial advice. Costs listed on the proposal and the payment schedule were discussed. Other topics included types of investments, default options, risk tolerance, communication regarding the opt-out process for Tier
2, auto enrollment, and how to reach each stakeholder in order to communicate with them. The option of a target date fund was discussed as well as managed funds to be developed by GAM. The most important ability is that of education. Discussion was held regarding communication and working with Nationwide Retirement Solutions and SageView. Administrator Smout stated that because of auto enrollment it is necessary to reach out to each person regarding risk assessment. Types of accounts and types of management were discussed. Mr. Galloway suggested the need for a liability waiver to be signed by the stakeholder.

The committee recessed the Open Meeting and entered Executive Session.

After the Executive Session two GAM videos were shown as examples of their education program. Discussion occurred with GAM and Nationwide regarding how to engage and involve each stakeholder in the decisions pertaining to their accounts. Questions were asked as to how GAM’s staff and education providers are compensated. Fiduciary duty and responsibilities to stakeholders is to explain all options available yet to remain neutral.

4. Discussion and possible Action regarding the selection of the Education Provider.

<table>
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<tr>
<th>MOTION:3-5/08/17</th>
<th>At 4:19 p.m.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>Move that we approve and accept the RFP as the service provided from Galloway Asset Management and that the managed account program that was discussed be an option and not be the default for those who participate.</td>
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<tr>
<td>Moved by:</td>
<td>Mr. Moore</td>
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<tr>
<td>Seconded by:</td>
<td>Mr. Wunderle</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
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</tbody>
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Mr. William T. Buividus

5. Discussion and possible Action on recommendations for mapping funds from EODCRS and the Supplemental DC plans to the new investment fund lineup.

Mr. William T. Buividus

Mr. Keeler of Nationwide and Mr. Mark Kordonsky of SageView discussed mapping funds from EODCRS and the Supplemental DC plans to the new investment fund lineup.

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<thead>
<tr>
<th>MOTION:4-5/08/17</th>
<th>At 4:26 p.m.</th>
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<tr>
<td>Motion:</td>
<td>To accept the mapping as presented by Sageview.</td>
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<tr>
<td>Moved by:</td>
<td>Mr. Smout</td>
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<td>Seconded by:</td>
<td>Mr. Wunderle</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

6. Discussion and possible Action on allowing loan and directed brokerage options for the EODCRS and Supplemental DC plans.

Mr. William T. Buividus

Discussion occurred regarding IRS rules and reasons to have the possibility of loans as an option. The fees for directed brokerage options was reviewed. Arizona statutes will be reviewed regarding this agenda item.
7. Discussion and possible Action on the role and responsibilities of the committee.
   
   Mr. William T. Buividas

During the next meeting, work is to be conducted regarding default investments.

8. Discussion and possible Recommendations on legislative changes that may or may not need to occur regarding the DC plan.
   
   Mr. William T. Buividas

The governor signed the Administrative Bill and DROP money comes into PSPRS on July 1, 2017.

9. The Arizona PSPRS Defined Contribution Committee may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. § 38-431.03(A) (3), including to receive legal advice from the Committee’s attorneys on any matter listed on the agenda.

An Executive Session began at 2:38 p.m. regarding agenda item 3.

10. Call to the Public.

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01 (H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.
There was no reply to the Call to the Public.

11. Schedule future meeting date(s).

The next meeting will be held on Friday, May 26, 2017 at 1:00 p.m.


The meeting was adjourned at 4:49 p.m.

Mr. William T. Buividaz, Chairman